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The item was discussed at the request of Japan and the Russian Federation, which were of the view that such measures could trigger a spiral of counter-measures and result in serious disruption to the rules-based multilateral trading system. They recalled that the issue of US investigations under Section 232 provisions has been raised over the past year in several WTO bodies – the CTG and the Committee on Safeguards – only to see things change for the worse. Both Japan and Russia reserved their right to protect their legitimate rights and interests as provided for under WTO rules.

The European Union echoed these concerns and said that there can be no justification for measures to restrict imports of cars, car parts and light trucks on grounds of national security, as there is no apparent economic threat to a US industry which has steadily

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expanded domestic production over the last 10 years. Any trade restrictive measures in the sector will have a serious negative impact not only on the EU but on the global economy overall, the EU said.

China stressed that the measures at stake mostly involve products for civilian use and that, as such, they do not pose a threat to national security. According to Beijing, these are simply protectionist measures that will significantly distort trade and global value chains and will bring serious challenges to the multilateral trading system. China said it stands ready to work with all WTO members to tackle this challenge and to take concrete action in order to safeguard the authority of the WTO and fight against unilateralism and protectionism.

Other members – Canada, Switzerland, Norway, Turkey, Costa Rica, Hong Kong China, Venezuela, Singapore, Brazil, Korea, Mexico, Qatar, Thailand and India – also raised concerns with the announced US investigation, which in their view will trigger a cycle of measures and counter-measures that will harm all members with negative effects on international trade.

On the impact of the existing US tariffs on steel and aluminium, some members pointed out that the additional tariffs in force since 23 March are already having negative effects on the supply chains, on producers and exporters, on the US downstream industry, and finally on US consumers. It was recognized that there is a serious problem of global overcapacity in the steel and aluminium sectors, but these members noted that import duties at the border will not solve it – it needs to be addressed through dialogue and negotiations in international fora such as the OECD.

In response, the United States said that the US Section 232 investigation on steel and aluminium is an issue that has been referred to the Dispute Settlement Body (DSB) and, therefore, should not belong to the CTG agenda. The US referred other members to the statements made on this issue in the Safeguards Committee, as well as the Dispute Settlement Body, for further information on the US position on this issue.

Specific trade concerns

- Uruguay, the United States, Argentina and New Zealand expressed concerns regarding the European Union's decision to register the term "**Danbo**" as a **Protected Geographical Indication (GI)** and the application under consideration to protect the term "Havarti". These members consider these as generic terms and, as such, they cannot be subject to GI protection. Since 1996 Danbo and Havarti, like many other types of cheese, have a specific Codex Standard, which regulates its protection and labelling worldwide. The EU reiterated its position first expressed at the Technical Barriers to Trade (TBT) Committee that any issues strictly concerning intellectual property (IP) rights should be discussed in the appropriate fora, notably the TRIPS Council.
- The European Union, Switzerland and the US complained about the implementation by the Gulf Cooperation Council (GCC) countries of a 100% *ad valorem* **excise duty on energy drinks** and a 50% *ad valorem* duty on **other carbonated drinks**. They said that there is no rationale for applying duties on these products, and no indication that the measures would be modified to make them consistent with the WTO. GCC countries, particularly Saudi Arabia, United Arab Emirates and Bahrain, were asked to explain the rationale for targeting only carbonated soft drinks, with and without sugar, as well as energy drinks and why an *ad valorem* excise tax was applied instead of a tax-based on

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the volume or quantity of the relevant ingredients. On behalf of the three GCC members, Saudi Arabia said that the tax aims to protect human health and the environment, and is not intended to protect the local industry.

- ❑ The Dominican Republic and the United States voiced concerns with the decision by Haiti to **modify tariff concessions and apply tariffs higher than the bound levels** in its WTO schedule of commitments. The move followed Haiti's accession to the Caribbean Community (CARICOM). Additionally, the Dominican Republic said that Haiti has not notified the WTO the decision to impose a ban on the importation of 23 products, mainly food and construction products. As a result, the Dominican Republic said that since October 2015 global exports to Haiti have decreased by 43%. Haiti acknowledged the problem and said that discussions continue on harmonizing its custom tariff regime in order to fully engage in intra-CARICOM trade while ensuring that its schedule of concessions is in full conformity with WTO rules.
- ❑ Australia, Thailand, Guatemala, Brazil and Canada asked Pakistan to confirm if, as stated at the last Committee on Agriculture meeting in June this year, it has effectively put an end to **the 1.5 million metric ton sugar freight import subsidy** announced in 2017. Pakistan responded that the measure has expired and that it will engage with all the delegations concerned to further clarify this issue.
- ❑ On a related matter, these same members, plus the European Union, raised concerns about the WTO consistency of the **measures relating to sugar exports** announced by India last February. They said India has not responded substantively to questions in various WTO committees regarding sugar overproduction and substantial new financial support announced on June 6. India said that the measure aims to alleviate the suffering of small and marginal sugar farmers and that a more specific response to issues like the administrative implementation of this measure will be provided to the Committee of Agriculture in due course.
- ❑ Australia, Canada, the United States, New Zealand, Singapore and the Russian Federation raised issue with the lack of clarity in the responses provided by India regarding its **quantitative restrictions (QRs) on imports of certain pulses** imposed in 2017 and 2018. In addition, these members asked for clarification regarding India's quantitative restriction on peas announced last April and which was extended until 30 September 2018. India, the world's largest producer and consumer of pulses, responded that these measures are temporary and were already notified to the Committees on Import Licensing and Market Access. It added that the decision to impose a quota was based on the domestic demand and supply situation and aimed at alleviating the distress caused to small and marginal farmers by the influx of cheap imports into the country.
- ❑ The European Union reiterated concerns regarding **various trade restrictive practices** imposed by the Russian Federation: cement certification requirements, "good manufacturing practice" certificates for pharmaceutical products, export bans on skins and hides, import duties on a series of tariff lines, an embargo on fishery products from Estonia and Latvia, the wine taxation regime and the new regime applied to the automotive sector as of 1 July 2018. These concerns were echoed by the United States. In response, the Russian Federation said that while it is in full compliance with international and WTO standards it is aware of the concerns expressed by some members and is ready to engage with them with a view to address all the issues raised.
- ❑ China took issue on a proposed rule by the Federal Communications Commission (FCC) of the United States intended to **prohibit the use of federal funds to purchase equipment or services** from any communications providers identified as posing a national security risk to domestic networks or the communications supply chain. China also raised concerns by the US' recently launched series of national security

measures and expressed its doubts about their consistency with WTO rules, particularly with regards transparency and compliance with the most-favoured nation (MFN) principle. The United States said that such a rule would fall squarely with the WTO exception for national security and that the proposed rule-making had been conducted through a transparent and open process. The FCC is an independent regulator and, as such, members should refer to it for further updates on this matter, the US added.

Other trade concerns

Members took up a total of 24 trade concerns (eight of them new). Trade concerns previously brought up in the Goods Council included the African Union's levy on imports to fund peace support operations, Jordan's export subsidy replacement program, Indonesia's restrictions on imports and exports, United States' measures on imported seafood, India's customs duties on ICT products, Mongolia's QRs and prohibitions on certain agricultural products, and Egypt's manufacturer registration system

The Goods Council also heard previously raised concerns regarding Vietnam's decree on the regulation of conditions for automobiles manufacturing, assembling, importing, and automotive warranty and maintenance services; China's restrictive measures on the import of scrap materials; China's customs duties on certain integrated circuits; US' measures on aviation security equipment; and the EU's treatment of biofuels and bio-liquids derived from palm oil as spelled out in the amendment of the Renewable Energy Directive (RED) currently being discussed in Brussels.

Workshop on e-commerce

Members agreed to continue consultations to try and convene this year a "Workshop on cross-border e-commerce and trade in goods" under the aegis of the Council for Trade in Goods. The CTG chair, Ambassador Stephen de Boer of Canada, stressed that from the informal consultations held in past months with members, there appeared to be general support for such a workshop.

Some members said that the content of the workshop should be clearly defined so as to avoid duplication with other e-commerce events and suggested that a potential draft agenda should be streamlined and reduced to a one-day event.

Other members underlined the value of a multilateral discussion on this issue and said that information and experience sharing on cross-border e-commerce should be enhanced. They said that while it should be a WTO event, it should nevertheless afford members an opportunity to get a sense of the work being by other international organizations, such as the World Customs Organization (WCO), the Universal Postal Union (UPU), the OECD, UNCTAD, etc.

Enlargement of the European Union

The European Union informed the Council for Trade in Goods that the negotiations following its 2013 enlargement (accession of Croatia) have been finalized. After the entry into force and implementation of the agreements reached with China, Uruguay and Brazil, the EU representative said that the last agreement with New Zealand (signed in March

2018) is about to be ratified by the European Parliament and adopted by the EU Council, which will lead to its entry into force and implementation. Once the Council has adopted it, the EU will submit an addendum to its notification of 29 September 2017 and the corresponding report on negotiations.

Kimberley process

The European Union, Australia, Cambodia, Canada, Guyana, Japan, Malaysia, Mauritius, Norway, the Russian Federation, South Africa, Switzerland, Turkey, Ukraine and the United States requested a six-year extension of the WTO waiver to the Kimberley Certification Scheme for Rough Diamonds, which is set to expire at the end of the year. They said that extending the waiver until 31 December 2024 would give legal certainty to trade measures under the Kimberley Process aimed at breaking the link between armed conflict, illicit trade and rough diamonds. Members agreed to forward the waiver decision to the next General Council for adoption.

Next meeting

The next CTG meeting is scheduled to take place on 12 and 13 November.

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